

LAND CONSERVATION & PRESERVATION WORK PLAN

March 30, 2016

Prepared by

King County Executive Dow Constantine



King County

Work Plan Overview

“A work plan for implementing a preservation and conservation program to identify, protect, and conserve water and land resources, including farmland and forest lands, ecological lands, river and stream corridors, trail corridors, and historic resources on farmlands.”

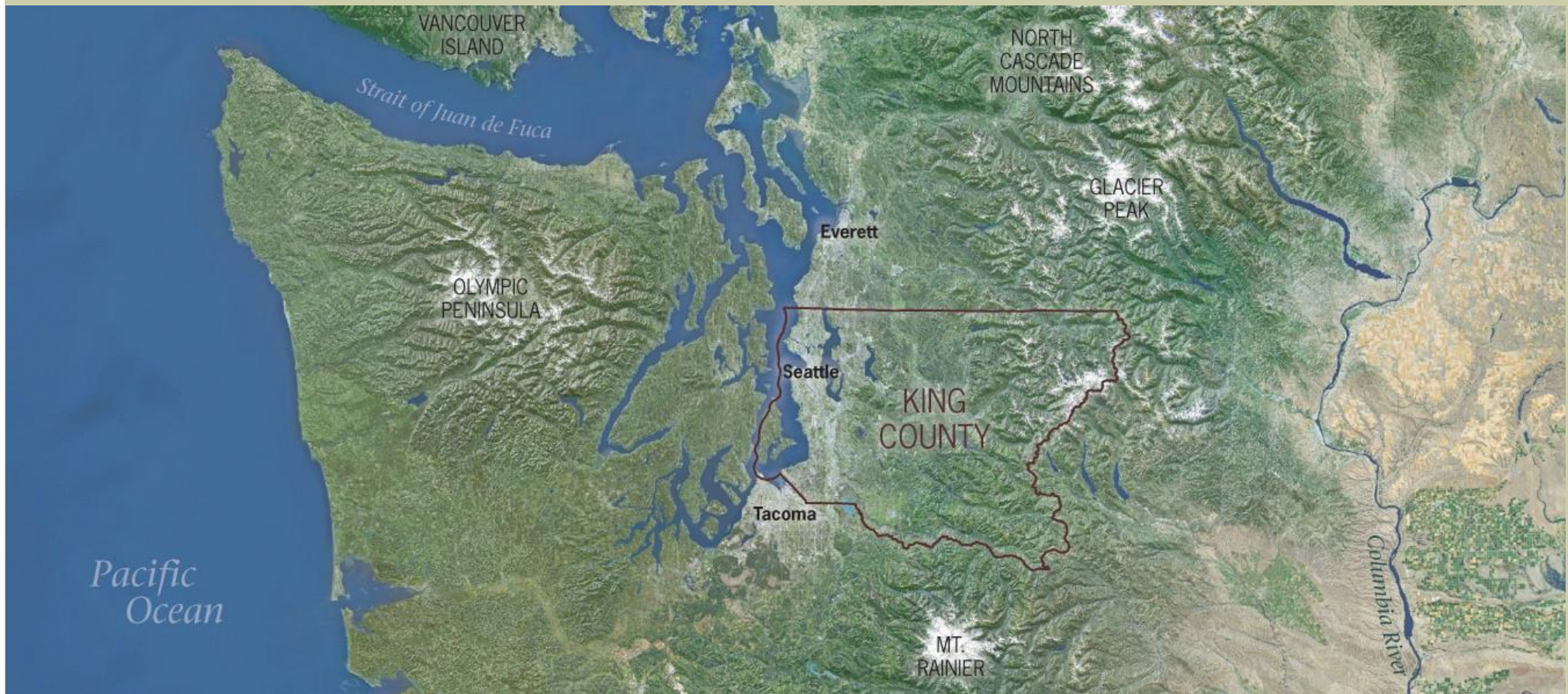
- As requested by King County Council
Motion 14458 in November 2015



This work plan...

Reviews the importance of conservation to the region.....	pages 3-6
Recognizes success of decades of strategic conservation in King County.....	pages 7-9
Identifies the most important land to protect.....	pages 10-18
Estimates costs of acquiring lands, plus 30 years of O&M	pages 19-20
Identifies existing funding sources for acquisition	pages 21-25
Identifies potential funding strategies to fill the gap to complete the work in a generation	pages 26-31
Proposes accelerated funding and acquisition strategies to act quickly.....	pages 32-34
Discusses Outreach and Education	page 35
Proposes specific work plan items, including additional outreach and analysis and formation of an Advisory Group	pages 36-45

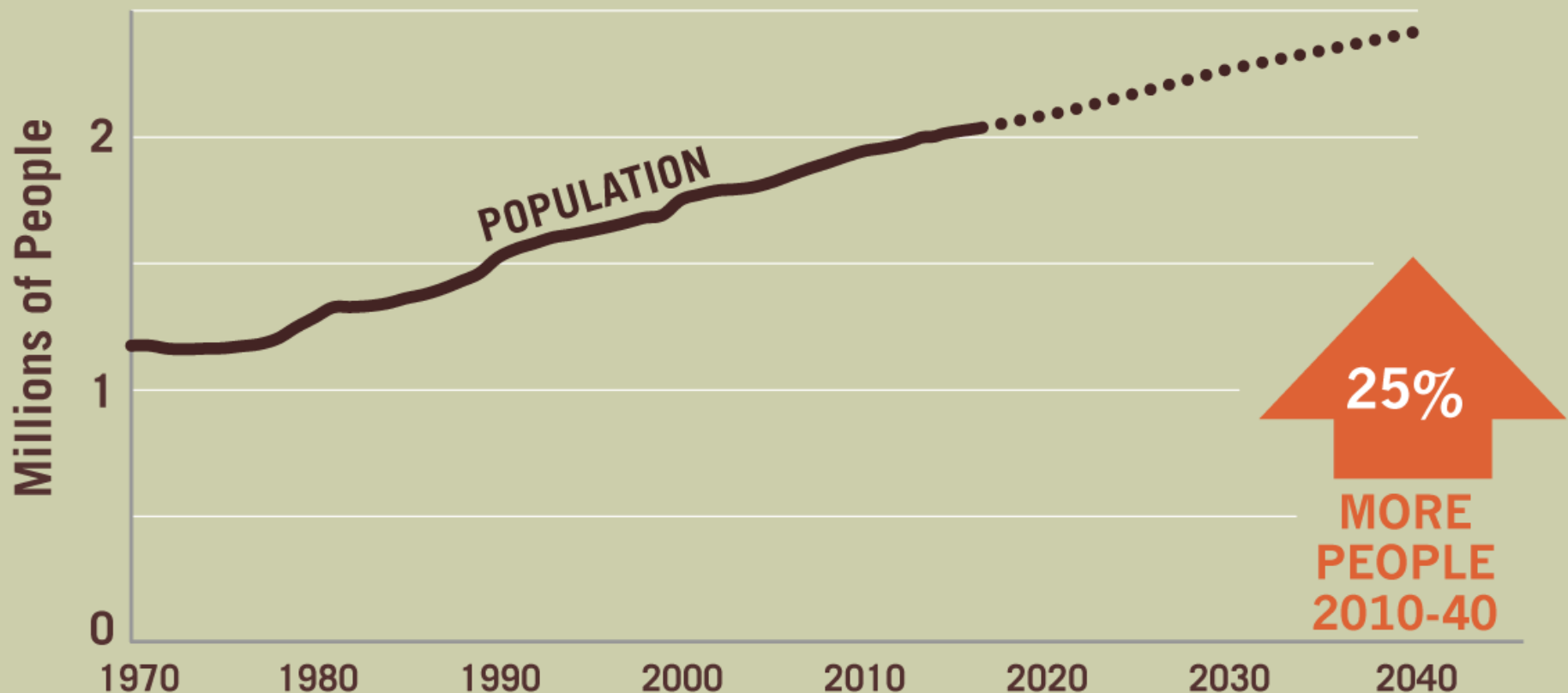
King County: The Heart of Cascadia



Importance of Conservation

King County's valuable landscape is worth protecting. Our landscape is spectacular – from the depths of the Puget Sound, with iconic salmon and orca whales, through a thriving metropolis, quiet rural communities, and abundant farms and working forests, to the alpine peaks of the Cascade Mountains. Our surrounding landscape gives King County a **competitive economic advantage** in the global marketplace – people want to live here and businesses want to be here, in part because of the abundant and accessible open space. For King County to thrive we need to keep our natural lands and river corridors intact, maintain viable working resource lands, and preserve great places for people to explore, relax and stay connected to the natural world.

King County is one of the fastest growing large counties in the U.S.



Data: WA state Office of Financial Management, *County Growth Management Population Projections: 2010-2040*, Forecasting Division, August 2012.

Conservation is part of responsible growth

More than 2 million people call King County home today, and many more will move here in the coming years. Because King County is one of the fastest growing large counties in the nation, **we must act quickly** to protect our most important remaining conservation lands before prices escalate and we lose opportunities as development pressure increases. Since the adoption of the Washington State Growth Management Act in 1990, regional leaders have focused growth in and around Seattle's metropolitan core and other urban areas, keeping the eastern reaches of King County rural so viable farmland, forestland, and other natural open spaces can continue to thrive.

Benefits and Value of Conservation to the Region

Reasons to conserve remaining high value lands:



Climate Change: We are already seeing the effects of a changing climate on our region's natural and built systems. Land use changes, population growth, resource extraction and habitat degradation will compound the dangers of climate change. Open space can mitigate and minimize the effects of extreme weather and natural disasters and absorb greenhouse gases. Forests in Washington state absorb about 30% of the state's annual greenhouse gas emissions.



Social Equity: Historically, minority and low income populations have been underserved and underrepresented in open space planning. The result is an inequitable distribution of open space benefits that exacerbates other challenges these communities face.

Open space planning requires prioritizing equity to ensure that all residents benefit from the environment that we are so proud of here in the Puget Sound region.



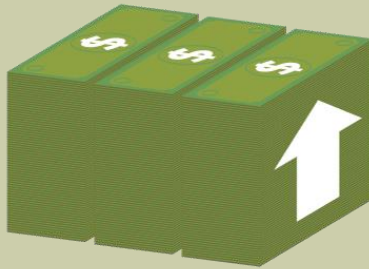
Biodiversity: Open space in developed regions like the Central Puget Sound is critical to fostering salmon recovery and biodiversity. A diversity of species and ecosystems gives us the strongest chance of maintaining the wide range of biological processes and their benefits to the region's economy, health and culture in the face of inevitable changes like population increase and climate change.



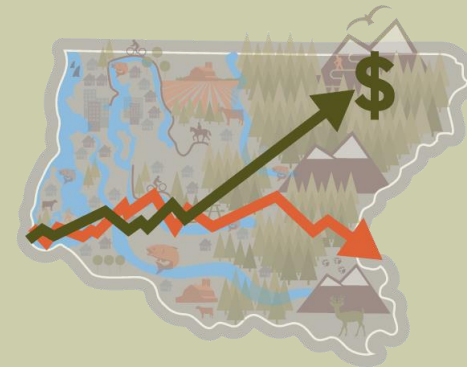
Human Health: The quality of air, water and soil, healthy food and good nutrition depend on open space and it provides opportunities for physical activity, reduces stress and improves social connections. Access to nature improves health and well-being in many ways—physical activity, stress reduction, spiritual renewal, and more. (Howard Frumkin, UW School of Public Health)

Benefits and Value of Conservation to the Region

Reasons to conserve remaining high value lands: continued



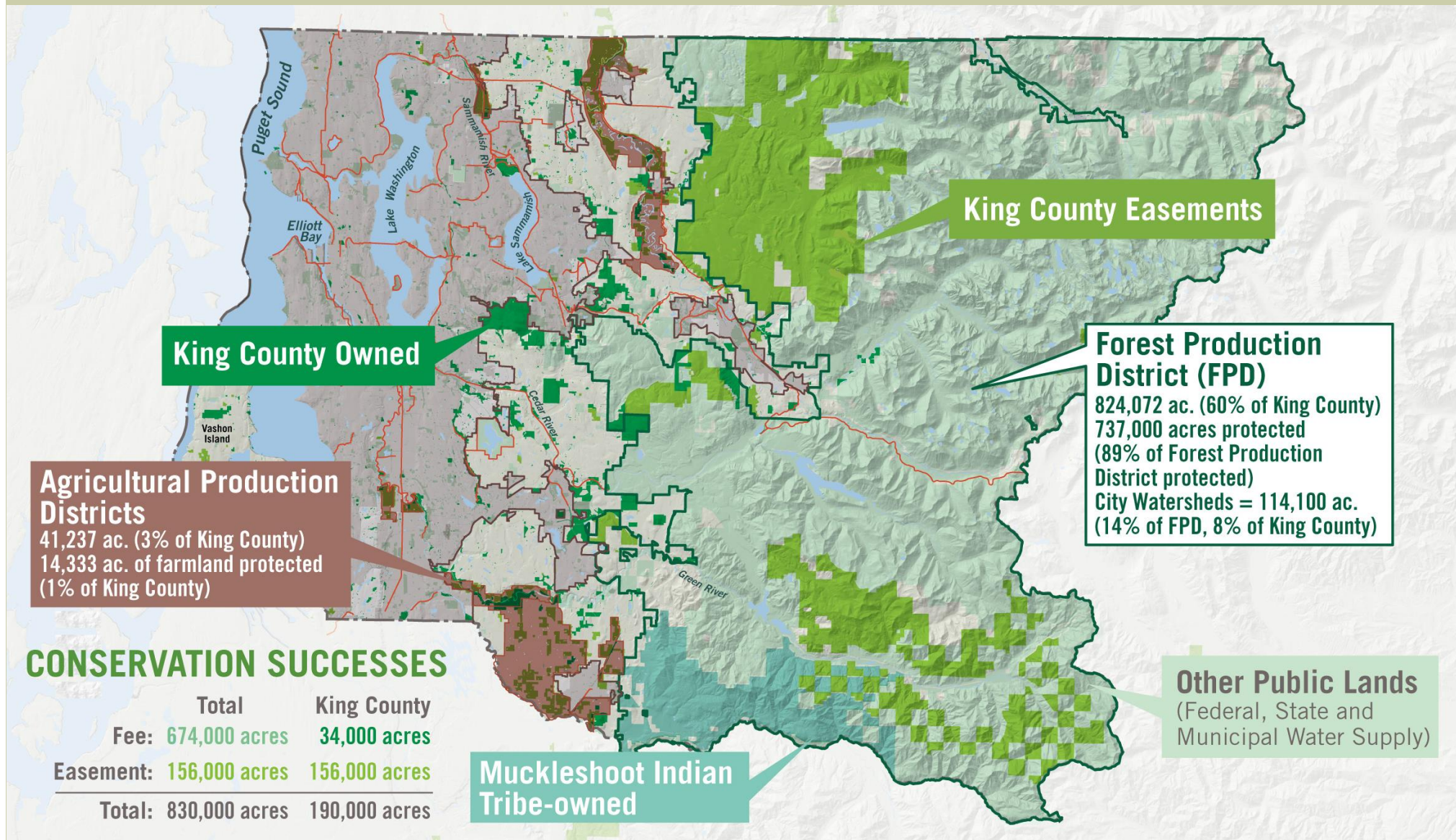
Economic Development: From supporting the timber, agriculture, recreation and tourism industries, to attracting anchor businesses, retaining their employees and boosting real estate values, open space plays a significant role in the region's economy. Balancing the preservation of open space with the demands of growth is a challenge now and will be for regional decision makers in coming years.



Competitive Advantage: Some of our nation's most dynamic companies call this region home. One reason they choose to locate here is the open space at our doorstep and the quality of life we enjoy. Open space is a competitive asset.

*- Maud Daudon,
Seattle Chamber of Commerce*

Conservation Success To Date



So Far King County is a Conservation Success Story

A comprehensive conservation vision is becoming reality.

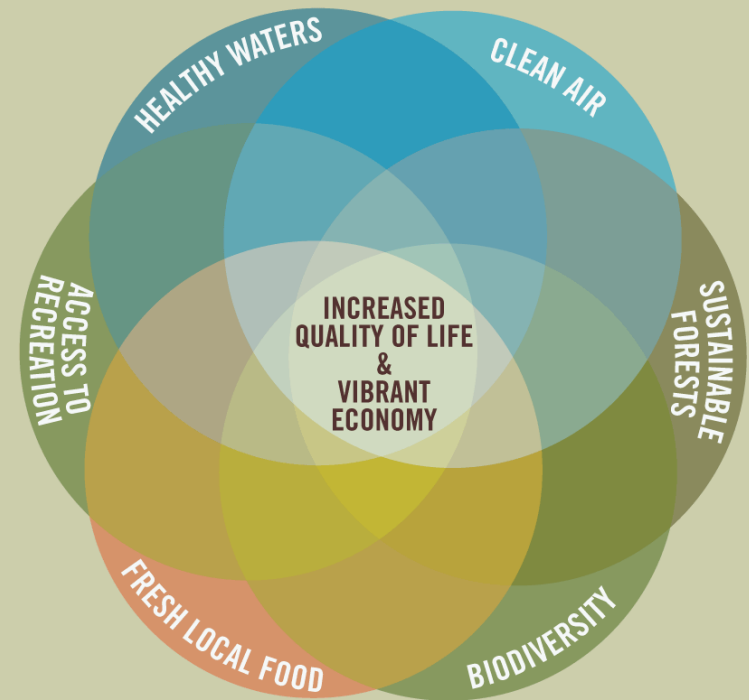
Past county leaders have worked tirelessly to permanently protect the places we love in King County:

- More than 200,000 acres of working forests to create a green wall against sprawl and support a sustainable timber industry
- Approximately 15,000 acres of farmland for fresh local food
- Land along river corridors to support salmon recovery and public safety
- More than 175 miles of regional trails
- A vibrant parks system

Strategic conservation relies on best available science and careful planning. Plans and studies include:

- Watershed Resource Inventory Area (WRIA) 7, 8 & 9 salmon recovery plans
- Strategic Climate Action Plan
- KC Parks Regional Trails Plan
- King County Open Space Plan
- King County Comprehensive Plan
- King County Flood Hazard Reduction Plan
- King County Local Food Initiative and Kitchen Cabinet
- The Cascade Foothills Letter of Intent

Conservation protects what we love about this region.



But There's More That Must be Done

Despite significant conservation success there's more to do to realize our conservation vision.

- **Puget Sound water quality is critical**
Conserving open spaces and protecting our marine shorelines will contribute to healthy watersheds and support Puget Sound recovery.
- **Stormwater infrastructure is aging and not keeping up with the job at hand** Conserving rural and urban spaces will expand opportunities for “green stormwater infrastructure.”
- **Salmon populations are struggling** Completing protections in river and stream and nearshore corridors will protect what's working and enable salmon recovery and habitat restoration to occur at a larger and more meaningful scale.
- **Damaging floods continue to occur** Acquiring land in floodplains and completing corridors will remove people from harm's way, enable levee setback projects and allow natural processes to unfold in more places.
- **Trail connections are vital** Finishing connections will improve recreational opportunities, enhance mobility and reduce pollution.
- **Forest and Farm resource economies are fragile**
Conserving working resource lands will support sustainable resource economies in King County and provide climate benefits.



What Will it Take to Protect Our Great Places Forever?

King County's conservation efforts are focused in five major categories, which taken together benefit nature and people.

- **Natural lands** for clean water, clean air, salmon recovery and wildlife, and resilience in an uncertain future
- **Farmland** for healthy local food and a thriving agricultural economy
- **Forestland** for clean water, clean air, salmon recovery and wildlife, recreation, and a sustainable timber industry
- **River valley and nearshore land** for flood safety, salmon recovery, flood safety, recreation, and a healthy Puget Sound
- **Trail corridor connections** to complete a world-class regional trail network to increase mobility, improve human health and reduce pollution



Completing Natural Land Corridors



This map shows areas of King County where protection of open space will:

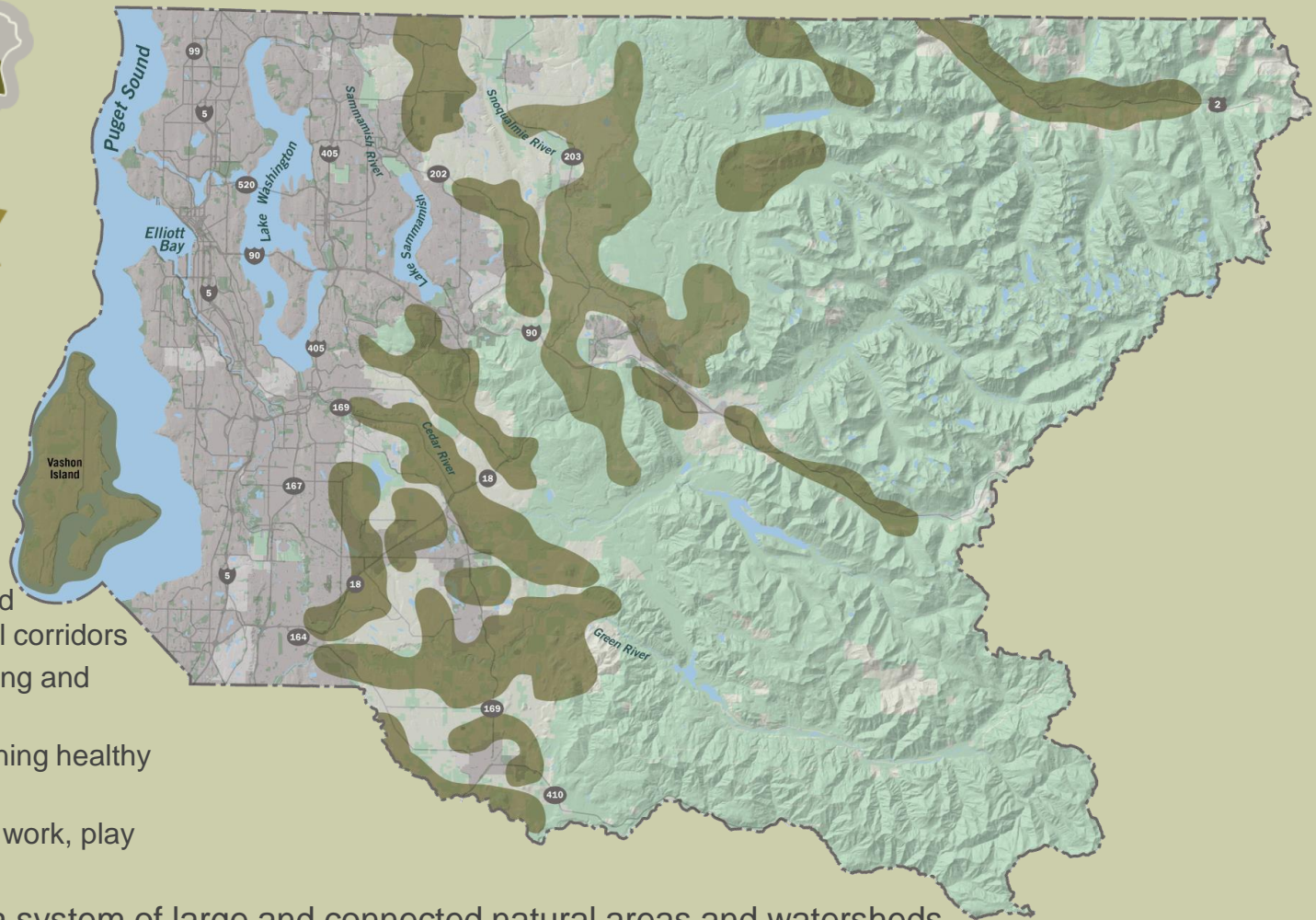
- Support salmon recovery and wildlife by completing natural corridors
- Protect water quality by storing and filtering water
- Keep our air clean by sustaining healthy forests
- Provide places for people to work, play and explore

Finishing the job means a system of large and connected natural areas and watersheds that function naturally and co-exist harmoniously with people.

Lands in this category include: river valleys, shorelines and forests

Land selection criteria:

- Identification of area in a watershed study or other scientific plan
- Inholdings
- Lands along known wildlife and biodiversity corridors
- Staff expertise
- Completion of public corridors, intact areas to protect, areas to restore. Drawn from best available science (e.g. WRIA Plans, basin studies, etc.)





Protecting Forest Land

This map shows areas of King County where protection of forest land will:

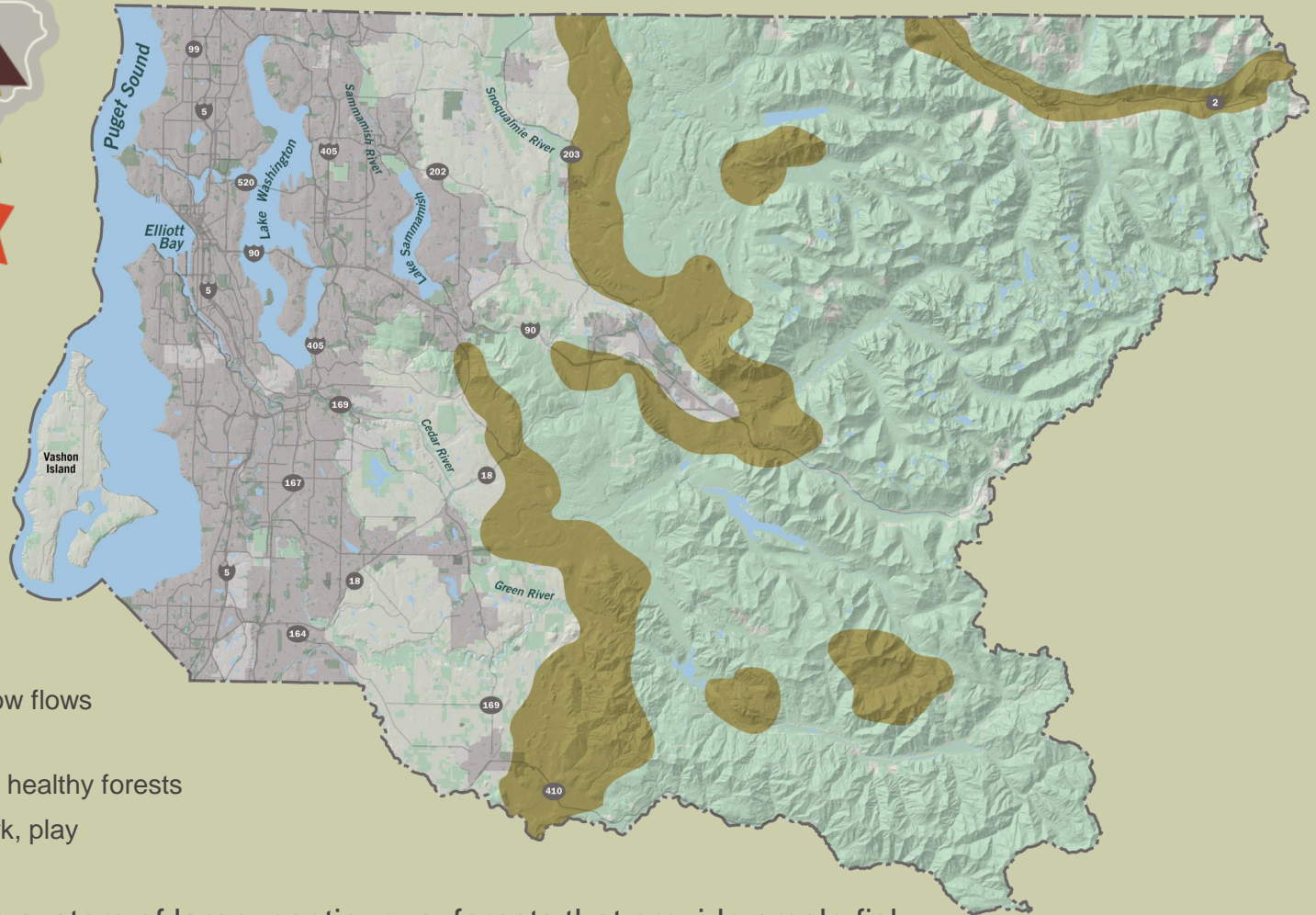
- Protect water quality by storing and filtering water
- Reduce flooding and augment low flows during droughts
- Keep our air clean by sustaining healthy forests
- Provide places for people to work, play and explore

Finishing the job means a system of large, contiguous, forests that provide ample fish and wildlife habitat, support watershed functions and salmon recovery, support a sustainable forestry industry, help prevent sprawl and provide a place for people to play, explore, and relax.

Lands in this category primarily include undeveloped, unprotected forested areas in King County's Forest Production District.

Land selection criteria:

- Identification of area in a watershed study or other scientific plan
- Private inholdings in protected areas
- Lands along known wildlife corridors
- Staff expertise
- Opportunity for trailheads

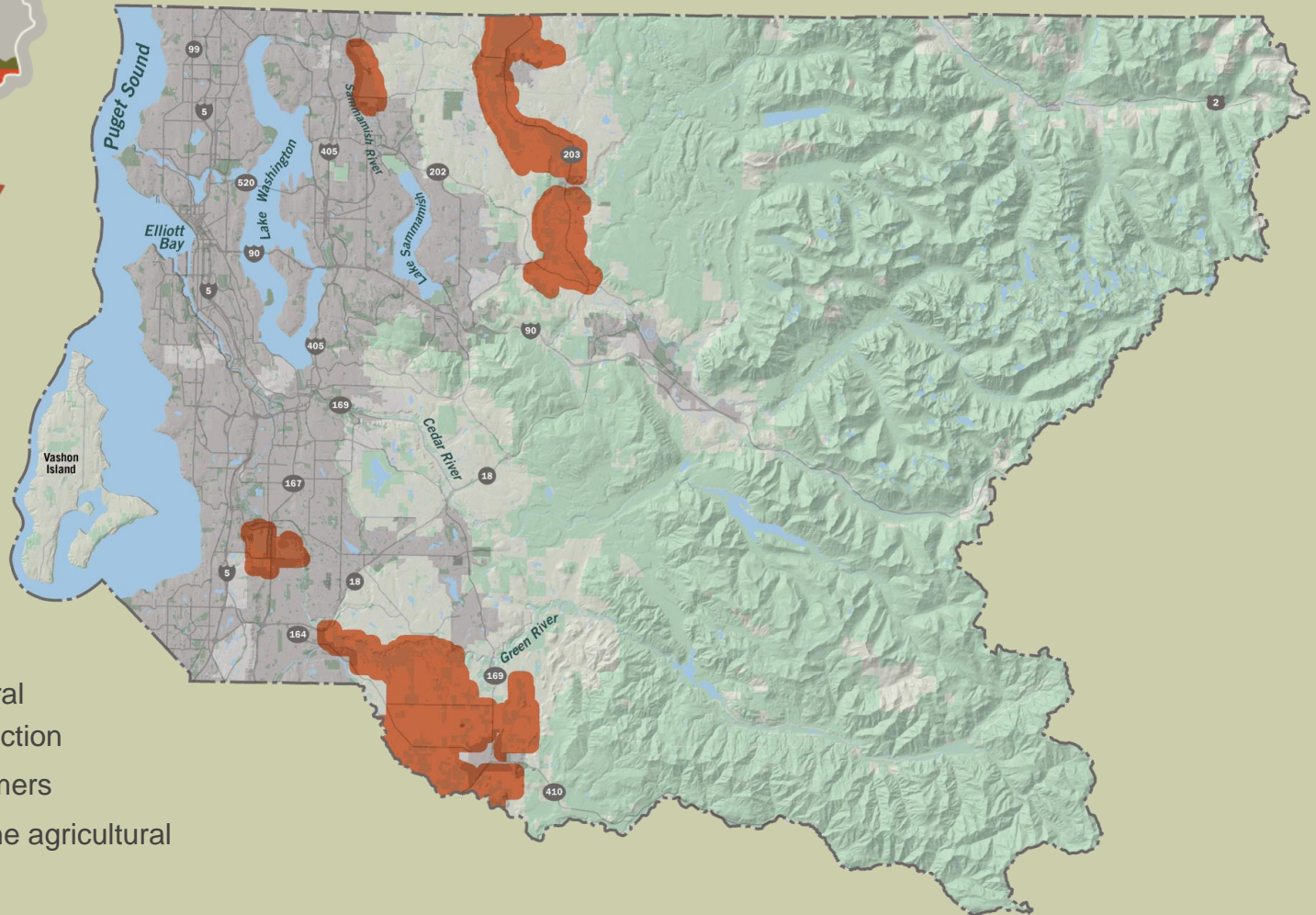


Protecting Farmland for Local Food



This map shows areas of King County where farmland protection will:

- Maintain abundant agricultural land for food and fiber production
- Keep land affordable for farmers
- Contribute to the vitality of the agricultural economy



Finishing the job means **all of our best farmland is protected and available for farming, increasing the amount of locally grown food and expanding our agricultural economy**

Lands in this category include undeveloped or underdeveloped farmland areas in King County's Agricultural Production Districts and some lands in Rural Area farming communities.

Land selection criteria:

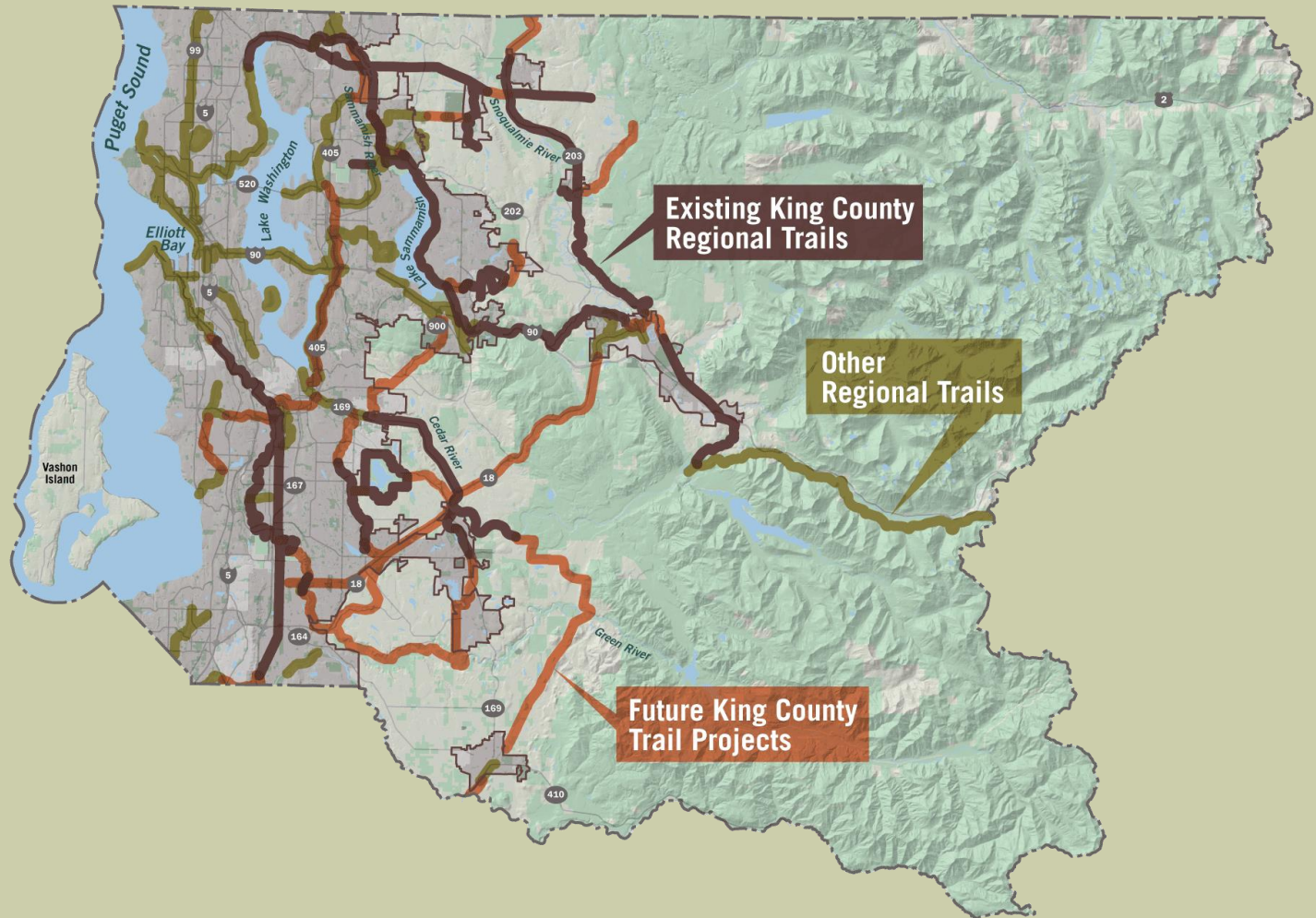
- Best soils for food and fiber production
- Unprotected vacant land surrounded by protected land
- Agricultural community infrastructure needs

Completing Regional Trail Connections



This map shows existing and planned Regional Trail corridors, which will:

- Expand recreation opportunities
- Create mobility connections
- Enhance environmentally-sustainable travel options
- Promote active, healthy lifestyles
- Provide open space opportunities within and between communities
- Access scenic resources while connecting urban areas with rural lands



Finishing the job means an expansive, well-connected network of Regional Trails for recreation, healthy active lifestyles and sustainable mobility.

Lands in this category are associated with regional trail corridors and adjacent lands .

Land selection criteria:

- Identification in Regional Trails Long-Range Plan (Regional Trails Needs Report)
- New trail corridor opportunities to enhance the network and provide network connectivity
- Facilitating new regional trail interconnections

Protecting Urban and Natural River Corridors



This map shows major river and stream corridors where protection of floodplain and river corridor lands will:

- Protect communities from floods
- Protect fish and wildlife habitat and support salmon recovery
- Promote natural watershed functions
- Protect water quality by storing and filtering water
- Provide places for people to play and explore

Finishing the job means river corridors where natural processes unfold with minimized flood risk to river valley communities, provide habitat to support fish populations, and support recreational uses.]

Lands in this category primarily include properties where repetitive losses have occurred and where flood or habitat projects will occur.

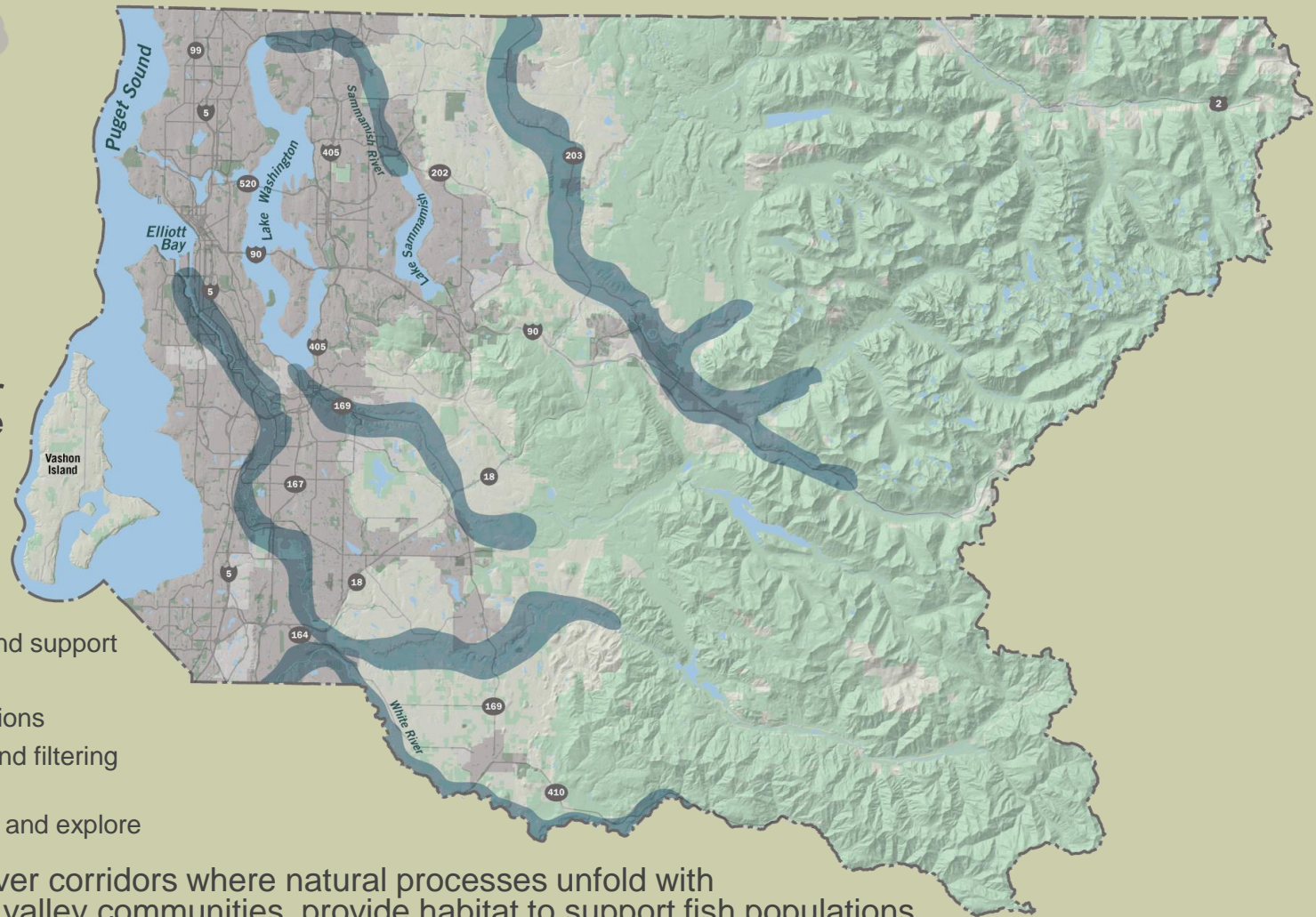
Land selection criteria:

Identified in the Flood plan

Identified in a Salmon Recovery Plans

Staff expertise

Repetitive loss areas, projects and facility upgrades to protect communities from floods



Preserving Historic Resources on Farmlands

In addition to a work plan for implementing a preservation and conservation program to identify, protect, and conserve water and land resources, including farmland and forest lands, ecological lands, river and stream corridors, and trail corridors, Motion 14458 also requested the work plan address protection of historic resources on farmlands.

There are over 440 barns in King County's historic resource inventory and 174 are eligible for landmark designation. These structures are located throughout the County, with the highest concentration on the Enumclaw Plateau.

The costs for rehabilitation of historic barns will vary given the wide range of barn types and sizes throughout the County. DNRP estimates the average barn would require \$64,000 in basic maintenance and repairs that would enable the structure to continue to function for agricultural use. These basic maintenance activities include a new roof, foundation/structural repair, siding repair and/or replacement and paint, and electrical upgrades.

Applying the \$64,000 average across all 174 barns eligible for landmark designation yields an estimate of \$11 million dollars.













DNRP estimates that a more extensive restoration program, including items such as window and door repair/replacement, plumbing and drainage upgrades, would average \$125,000 per barn. Applying the \$125,000 average across all 174 barns eligible for landmark designation yields an estimate of \$22 million dollars.



Acreages By Category and Estimated Cost to Protect Identified Lands

What lands should we consider?

See Note 2

CONSERVATION CATEGORY										
	Natural Protection (Urban & Rural)	Multi-Objectives (Other Zones)	Protecting Communities from Floods		Forest Production & Resiliency	Multi-Objective (Forest Zones)	Agricultural Production	Multi-Objective (Agricultural Zones)	Passive Recreation	Regional Trail Corridors
PARCELS	2,000	325	70		350	140	1,450	40	50	
ACRES	15,000	7,500	200		11,000	8,500	17,000	800	500	Specific Parcels not identified
FEE / EASEMENT (by acreage)	70%  30%	70%  30%	100%  0%		0%  100%	35%  65%	0%  100%	60%  40%	60%  40%	
ESTIMATED COST	\$530,000,000	\$300,000,000	\$40,000,000		\$70,000,000	\$50,000,000	\$200,000,000	\$10,000,000	\$20,000,000	\$80,000,000

TOTAL
PARCELS: **4,425**

TOTAL
ACRES: **60,500**

TOTAL EST.
COST: **\$1,300,000,000**

includes acquisition & transaction costs and 30 years of O&M.

See Note 1

Historic Barn Preservation: Funding to restore up to 174 historic barns adds **\$11-22 million**

This table shows the lands identified in each category. The “multi-objective” categories included lands that would advance more than one conservation objective, shown in their associated zone (e.g. Rural Area or other residential/commercial zones, Forest Production District, or Agricultural Production District).

Acreages by Category and Estimated Cost to Protect Identified Lands

Notes about data on previous table:

Note 1:

Operations and Maintenance costs account for approximately 10– 11% of the total (\$130 - 140 million). O&M, which only applies to properties to be owned in fee, includes good neighbor costs such as demolition, fences and gates, and ongoing costs such as stormwater fees, general site clean up and maintenance, easement monitoring, and other general site maintenance activities, but does *not* include costs for restoration, trail construction, or other capital costs.

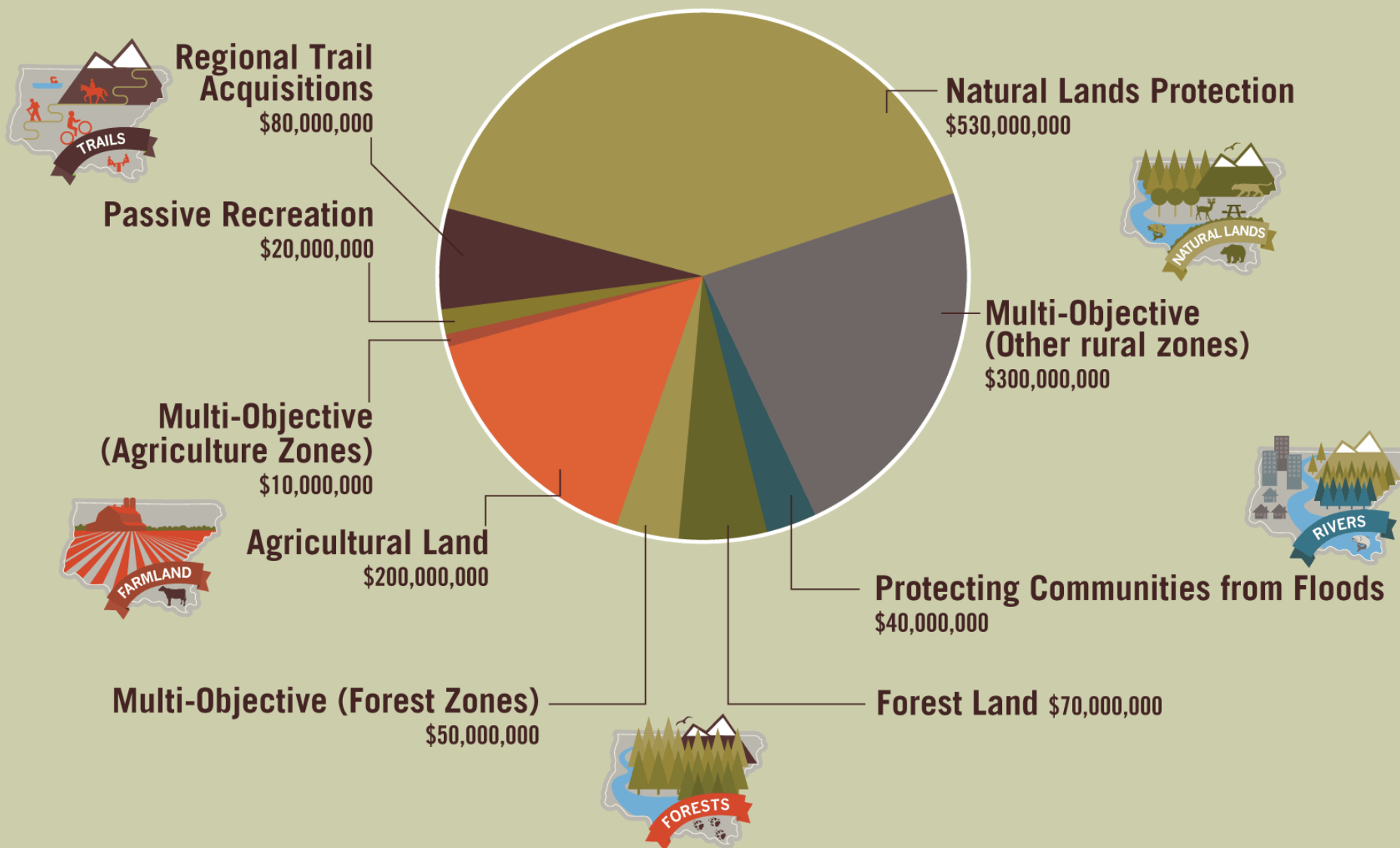
Transaction costs account for approximately 10% of the total (\$130 million)

Note 2:

The chart on Page 22 identifies \$150,000,000 in Flood district acquisition dollars in the chart on page 22, but only \$40,000,000 in “Protecting Communities from Floods” in the table on page 17. Many of the properties identified in the “ecological category” are in river corridors. The expectation is that when flood corridor plans are complete a significant percentage of the ecological properties in floodplains will be identified as desirable acquisitions for protecting communities from floods (a cause that aligns well with Flood Control District mission). Limitations exist on how the Flood Control District revenues can be used and the estimate of \$150,000,000 factors in those limitations (e.g. acquisitions solely for habitat restoration would not be an appropriate use of Flood Control District revenues)

Estimated Cost to Protect Identified Lands by Conservation Category

Total cost: \$1.3 billion (in 2015 dollars)



Consideration of Other Lands

Valuable Conservation Lands Within Cities

- City lands are not included in the current analysis.
- Cities are being engaged now, including through WRIA forums.
- Will build on existing work, for example WRIA Salmon Recovery plans.
- Areas to further develop with cities include key lands to protect along the Puget Sound Shoreline, and enhancing access to natural land and open space for all.
- Work Plan will include specific tasks to further develop the list of valuable conservation lands to protect inside cities and options for funding those lands, including the potential for establishing a new grant program to fund land conservation inside cities.



Unincorporated Area Lands to be Conserved by Other Entities.

- Not every parcel with conservation value in the unincorporated area is included in the identified set of lands.
- County staff have been working with external partners to identify key lands better protected by state and federal entities, **separate** from this vision and strategy, for example, protection of old growth forest areas outside of Skykomish by the US Forest Service.
- This careful coordination helps maximize conservation and public benefits.

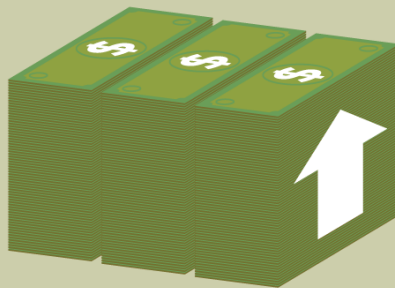


Existing Funding Sources and Gap

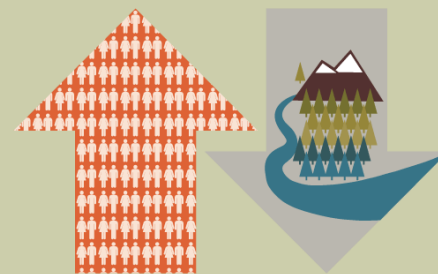
To complete the job of protecting our most important conservation lands in our generation the Executive is proposing a two part strategy:

Part 1: **Fill the funding gap** by working to identify and secure funding necessary from one or more new sources. This enables the County to finish the job in our generation

Part 2: **Accelerate the pace of Acquisitions.** Leverage stable and predictable “out years” funding from existing sources to accelerate the pace of acquisitions – i.e. acquire more high priority lands sooner rather than waiting to fund acquisitions with the slow and steady funding sources. This enables King County to (1) pay less overall since real estate costs typically rise through time faster than the growth of our revenues and, (2) lose fewer opportunities as development pressure increases with population growth.



The longer we wait, the more expensive it becomes.

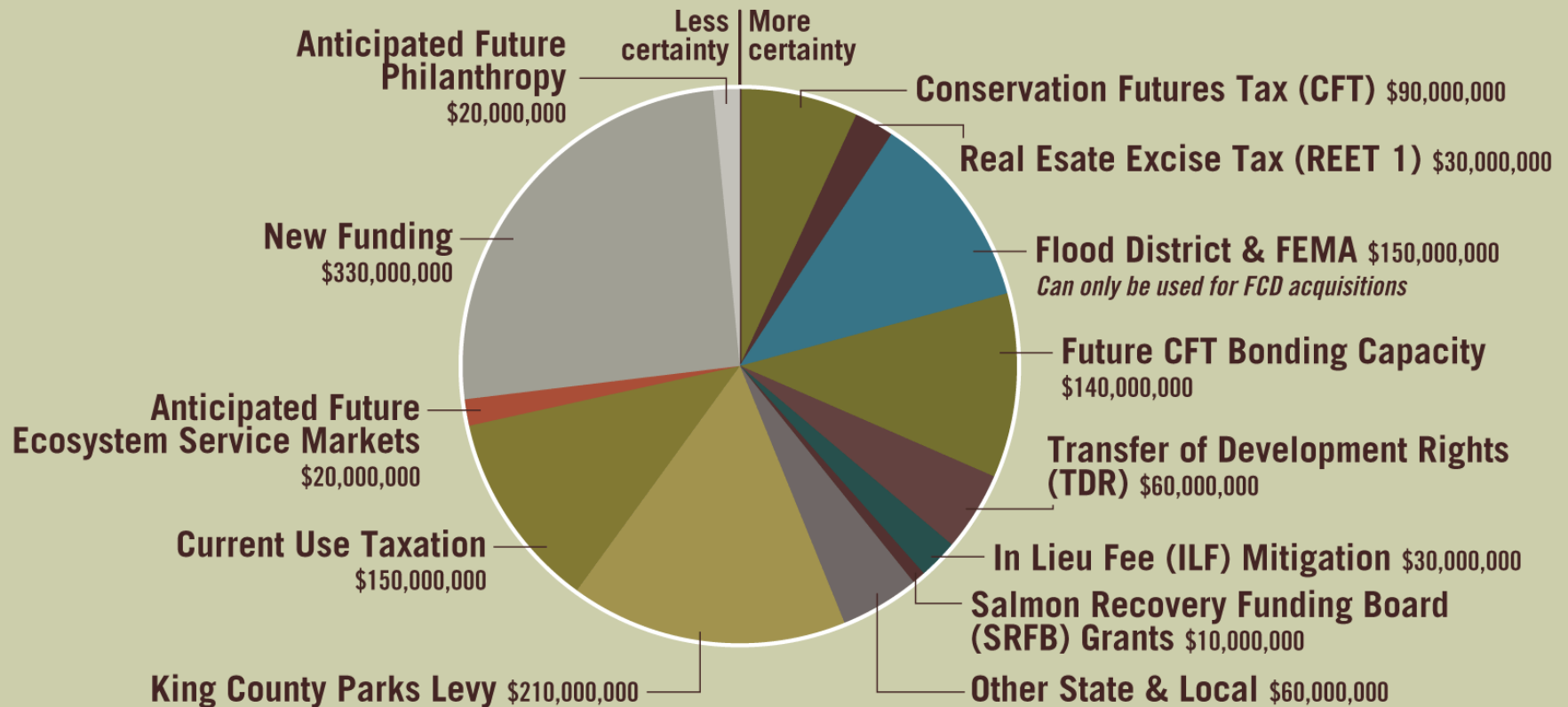


As population grows, opportunities to conserve land will diminish.

Part 1: Fill the Funding Gap

Existing County Funding Sources and Gap - 30 Year Projection based on Historic Funding

Total cost: \$1.3 billion (in 2015 dollars) Arranged by Certainty



This chart shows the same total value as the estimated costs: \$1.3 billion. Existing funding sources are shown in today's dollars, projected out 30 years at current levels of funding. The wedges of the pie are arranged in order of certainty: the most certain source (CFT) is in the noon to 1 o'clock position. Moving clockwise, the funding sources and amounts become progressively less certain. Short descriptions of each funding source are on the following pages.

Description of Existing Funding Sources

Conservation Futures Tax (CFT)

About \$3 million annually

This has been King County's most significant open space acquisition funding source over the past 30 years, having provided over \$320 million in revenues. CFT generates about \$9 million for annual allocations to acquisitions in unincorporated King County, Seattle, and the suburban cities. Unincorporated King County is typically allocated about \$3 million. CFT is a stable, predictable funding source. **Note: CFT generates about \$18M annually, about half of which goes to service past bond debt.**

Real Estate Excise Tax (REET 1)

About \$1 million annually

REET 1 funds are paid by sellers in real estate transactions. King County receives REET revenues from real estate transactions in unincorporated areas. REET 1 funds were historically an important funding source for land acquisition, but a combination of annexations of areas into incorporated cities and the 2009 economic downturn diminished REET availability for the Parks Division. Total annual REET revenues are around \$10 million, dedicated to addressing the Parks Division's Capital Improvement Program project backlog. A portion of REET 1 is available for acquisition. Annually, REET 1&2 funding will fluctuate based on real estate sales.

KC Flood Control District (KCFCD):

About \$5 million annually

While primarily focused on flood protection and public safety, this is a significant funding source that has partnered with CFT to acquire chronically flooded homes in areas where habitat restoration will also be conducted. Examples include the Tolt, Snoqualmie, Cedar and Green Rivers. While these funds are likely to be available annually, they must be used on flood projects and the level of funding for acquisitions is determined by the Flood Control District Board of Supervisors.

Future Conservation Futures Tax (CFT) Bonding

About \$140 million over 30 years

King County policy allows up to half of the annual CFT funds collected to be applied to principal and interest payments for conservation bonds. In this way King County can fund acquisition of large, high priority conservation projects like the Snoqualmie Forest. As past bond debt is paid off, new bonding capacity becomes available. The estimated amount of bonding capacity that will be available over the next 30 years is \$140 million. Depending on opportunity and need, the County could borrow varying amounts through various bond issues.

Transfer of Development Rights (TDR)

About \$2 million annually

King County's TDR program enables rural landowners to create transferable development rights (TDRs) from unused development potential in exchange for permanently protecting their property with a conservation easement. Since its inception in 1999, King County's TDR program has protected more than 142,000 acres of forests, farmland and other Rural open space. A current agreement with the City of Seattle will likely result in new revenue to support \$18M+ in conservation easement acquisitions over next 10 years, with a focus on protecting farmland.

Description of Existing Funding Sources

In lieu fee mitigation

About \$1 million annually

King County first began operating an In Lieu Fee Mitigation program in 2005. Changes in 2008 to federal rules required amendments to the program. A revised and enhanced program re-launched in 2012. The program generates revenue by selling mitigation credits. Since 2012 the program has generated approximately \$18M total revenue, about \$6M of which has been used to acquire lands for preservation or future mitigation projects. The program expects approximately \$1M to be available annually for acquisition. Acquired properties must become mitigation/restoration/preservation sites. Revenues are generated through the sale of “mitigation credits” to permittees whose projects create unavoidable impacts to aquatic resources. By purchasing mitigation credits, permittees meet their mitigation obligations,. King County then uses the money to fund mitigation projects.

Salmon Recovery Funding Board (SRFB) Grants

About \$400,000 annually

The State of WA Recreation and Conservation Office awards grants to King County annually to fund restoration of salmon habitat as well as acquisition of lands where habitat projects could be implemented to support salmon recovery efforts. Each year King County receives grants awarded by the SRFB to support salmon recovery efforts. Recent funding levels are roughly \$400,000 annually; this amount may fluctuate depending on overall state budget and funding priorities.

Other Local, state and Federal Grants

About \$2 million annually

This category of funding includes other grants administered by the Recreation and Conservation Office (RCO) including the the Aquatic Lands Enhancement Account (ALEA) and other intermittent or one time funds that provide less certain levels of funding. Federal grants such as the Land and Water Conservation Fund (LWCF), Forest Legacy funding, and National Estuary Program grants have been intermittent and somewhat unpredictable over the past two decades. Overall they have been a less significant source, but in certain key acquisitions they have been critical. Often they are provided in response to constituency/advocacy efforts by non-profit groups like The Nature Conservancy (TNC), which recently successfully secured funding for “Floodplains by Design” grants.

King County Parks Levy:

About \$7 million annually

Requiring ballot approval, this levy incorporated acquisition funding beginning in 2008, generating \$20 million from 2008-2013. A renewal levy was approved in 2013, expiring in 2019, and includes approximately \$7 million annually for acquisition and O&M of newly acquired lands. This has been the major source for CFT match for King County agency projects in recent years, and it is critical that any future funding strategy allow for the successful renewal of a Parks levy in 2019 and beyond.

Description of Existing Funding Sources

Current Use Taxation (C.U.T.)

About \$150 million in avoided costs

Since the 1980s, King County has provided tax reductions to landowners who voluntarily limit development and protect the natural resources on farms, forests and open space. While these restrictions are not permanent, in practice most of the properties enrolled in CUT programs have remained undeveloped (less than 3% of total acreage has withdrawn from the program over the last 20 years). How well this preservation track record will continue in the long term is unknown. It is reasonable to assume that some of the properties will face conversion and development pressure as the properties change hands and as property value rise over the years. For some CUT properties that are part of priority open space systems, park buffers, trail links, and habitat buffers, King County should be buying permanent conservation easements, and in some cases, fee simple property. The avoided cost of \$137 million assumes that enrollment in a CUT program will be adequate protection for roughly one third of the priority properties that are enrolled in a current use taxation program.

Anticipated Future Ecosystem Services Markets

About \$20 million total

“Ecosystem services” can be thought of as “benefits of nature,” such as the ability of a wetland to purify water, a forest to store carbon, or of bees to pollinate crops. Markets can be established to trade ecosystem services when there is supply to create “credit” (e.g. intact forests with potential to store carbon) as well as demand for credits, which is usually created by regulations requiring offsets for impacts of certain activities (e.g. in the forest carbon storage market, emissions from industrial manufacturing might create a demand for credits). Funding from ecosystem service markets is most likely to emerge in tandem with the advent of federal and/or state regulations that would create demand for ecosystem credits. Water quality, carbon storage, and potentially water supply and/or flood storage markets could conceivably operate effectively in King County with the right set of regulations.

Anticipated Future Philanthropy

About \$20 million total

King County would seek philanthropic donations to advance conservation goals. This would most likely be achieved in close coordination with the King County Parks Foundation and a number of Non-Governmental Organizations and philanthropic partners.

Funding Options to Fill the Gap

Source	Description	Pros	Cons
Bond backed by property tax increase	A voter-approved Unlimited Tax General Obligation (UTGO) bond backed by property tax increases. Depending on tax exemption status, may split into multiple smaller bonds issued periodically. O&M costs could be paid by shift to Parks Levy, which would be offset by shift of Levy acquisition revenues to bond.	<ul style="list-style-type: none"> • Can set amount • Use could be flexible • Relatively inexpensive 	<ul style="list-style-type: none"> • Requires 60% to pass • Single subject rule only allows for capital acquisition funding (i.e. not also ongoing O&M expenses) • 40% turnout requirement
Property Tax Levy Lid Lift	A time-limited new levy for conservation acquisitions and O&M added to property taxes	<ul style="list-style-type: none"> • Can set amount • Only 50% to pass 	<ul style="list-style-type: none"> • Might suppress junior taxing districts' ability to raise funds
REET 3 real estate tax	Real estate excise taxes on property transactions. REET 3 would be collected county-wide (including in cities) and accrue to King County accounts. Buyer pays REET 3.	<ul style="list-style-type: none"> • Ongoing source of funding • Progressive revenue source • Even low percentages could raise enough revenue to fund priority acquisitions • Only 50% to pass 	<ul style="list-style-type: none"> • Potentially Controversial • Amount of revenue based on external factors
CFT rate increase property tax	Increase the rate of collections to the full amount allowed under county and state laws. Rate is presently 4.45¢/\$1,000 AV; Maximum state rate is 6.25¢/\$1,000 AV. Increasing to 6.25¢/\$1,000 AV requires public vote.	<ul style="list-style-type: none"> • Could raise significant revenue 	<ul style="list-style-type: none"> • Increasing above 6.25¢/\$1,000AV would require statute change by state legislature. • Potentially controversial

Funding options above are discussed further on following slides.

Funding Options to Fill the Gap: Bond scenarios

Bonds are a relatively flexible funding source, and at today's low interest rates bonds provide a relatively inexpensive way to raise significant funding. Key points related to public agency bond issuance:

- Bonds require a 60% majority for approval
- For a bond "yes" vote to be valid, voter turnout must exceed 40% of the previous general election. Turnout in August/September elections following the last three presidential election years has not cleared the 40% turnout threshold.
- Bond interest rates would vary depending on whether interest on the bonds was taxable or tax exempt, which depends on use of bond proceeds
- Voter-approved bonds can only be used for capital purposes (i.e. they *cannot* be used for O&M) Therefore, if a bond were the primary funding mechanism for acquisitions, O&M funding would likely need to be funded from other sources (e.g. the Parks Levy, in which case Bond funding would supplant Parks Levy funding currently directed toward acquisitions).
- A bond issue must be for a single purpose, for example protection of open space.

Example bond scenarios showing different durations to generate funding to fill the gap:

Bond term	Principal \$	Rate	Annual Cost to Avg. Household (2016 median res. AV = \$416,000)
10 year	\$325,000,000	3.10%	\$32.86
15 year	\$325,000,000	3.60%	\$24.54
20 year	\$325,000,000	3.90%	\$20.38
30 year*	\$325,000,000	4.15%	\$16.39

Funding Options to Fill the Gap: New Real Estate Excise Tax (REET-3)

REET 3 is a third category of real estate excise tax – paid by the buyer – that can be levied up to 1% of the value of real estate transactions to fund conservation acquisitions and maintenance. Presently in Washington State, San Juan County is only in place where REET 3 is in effect. In 1990 King County tried to pass a REET 3 measure, without success.

This is a progressive funding source, but revenues can be unpredictable since the overall volume of real estate transactions will fluctuate with macro-economic conditions; a recession could reduce revenues significantly. Passing a REET 3 would require a simple majority voter approval. It may also be possible to bond against future REET 3 revenues to contribute to an accelerated strategy. All transactions in King County, including those in cities, would generate REET 3 conservation funding that would accrue to the County.

The table below shows the potential revenue that could be generated with REET 3 at several percentage values. Higher rates for shorter durations could yield sufficient revenue. It is also possible to include exemptions for affordable housing.

Example REET 3 percentages and potential revenue:

Rate	Est. 2017 Revenue	Potential 30 year total (1% growth)	Potential 30 year total (No growth)
1.00%	\$242,400,000	\$8,348,373,968	\$7,200,000,000
0.25%	\$60,600,000	\$2,087,093,492	\$1,800,000,000
0.10%	\$24,240,000	\$834,837,397	\$720,000,000
0.05%	\$12,120,000	\$417,418,698	\$360,000,000

Funding Options to Fill the Gap: Property Tax Levy Lid Lift

King County has a track record of successful levies to fund parks and open space acquisitions and maintenance. The current King County Parks Levy passed in 2013 with greater than 70% voter approval.

A property tax levy lid lift would only require a 50% yes vote to pass. However, there are several significant challenges to implementing a new levy lid lift. State laws limit the total amount of property taxes that originate from levies, effectively putting a “lid” on how much revenue can be raised by levies in each taxing district across the state. If a taxing district is at or near its upper lid, and “senior” levies increase, then “junior” levies must reduce their levies so the overall levy-generated tax does not exceed the lid. Because of this situation, passing a new levy lid lift may not be a viable option without a change in State law.

Example levy rate and duration structure to generate funding to fill the gap:

	Assessed Value (basis for \$ collections)	Rate (per \$1,000)	Total Collections
2018	\$484,657,411,752	\$0.068	\$32,956,704
2019	\$504,922,293,405	\$0.066	\$33,778,216
2020	\$530,372,501,440	\$0.064	\$34,594,900
2021	\$560,339,302,588	\$0.062	\$35,418,282
2022	\$592,768,849,654	\$0.060	\$36,268,399
2023	\$623,208,450,649	\$0.059	\$37,130,284
2024	\$654,616,158,356	\$0.057	\$38,006,702
2025	\$687,444,976,636	\$0.056	\$38,899,109
2026	\$708,068,325,935	\$0.055	\$39,802,471
		9 year Total:	\$326,855,067

Funding Options to Fill the Gap: Increase CFT collections

The Conservation Futures Tax (CFT) has been in place in King County since 1982. This is a property tax levied on all King County tax parcels to fund conservation acquisitions in the County. This funding has been instrumental in protecting more than 115,000 acres of land across King County and is one of the most predictable and reliable conservation funding sources available. A Citizen Oversight Committee reviews annual grant applications from County and City government agencies.

Annually, CFT generates approximately \$18 million in King County – at a rate of 4.45¢ per \$1,000. About half of the annual revenue is used to payoff past debt issued for large acquisitions (like the purchase of development rights from the 90,000 acre Snoqualmie Forest for \$22 million in 2004). The remaining \$9 million is split among King County and cities, with King County getting about one third of annual allocations.

Relevant facts:

- Revenue increases are limited by 1% per year plus the value of new construction. Any increases above 1% plus new construction must be approved by a vote of the people.
- The current upper limit of collections in WA State is set at 6.25¢. To raise the rate above this limit would require a statute change by the state legislature.

Potential CFT revenue increase scenarios:

Rate (¢/\$1,000)	Estimated 30 year Revenue (<i>starting in 2018</i>)	Total Additional 30 year Revenue
4.45¢	\$920,000,000	
5.45¢	\$1,120,000,000	\$210,000,000
6.15¢	\$1,280,000,000	\$360,000,000
6.25¢	\$1,300,000,000	\$380,000,000

Private Capital Investments

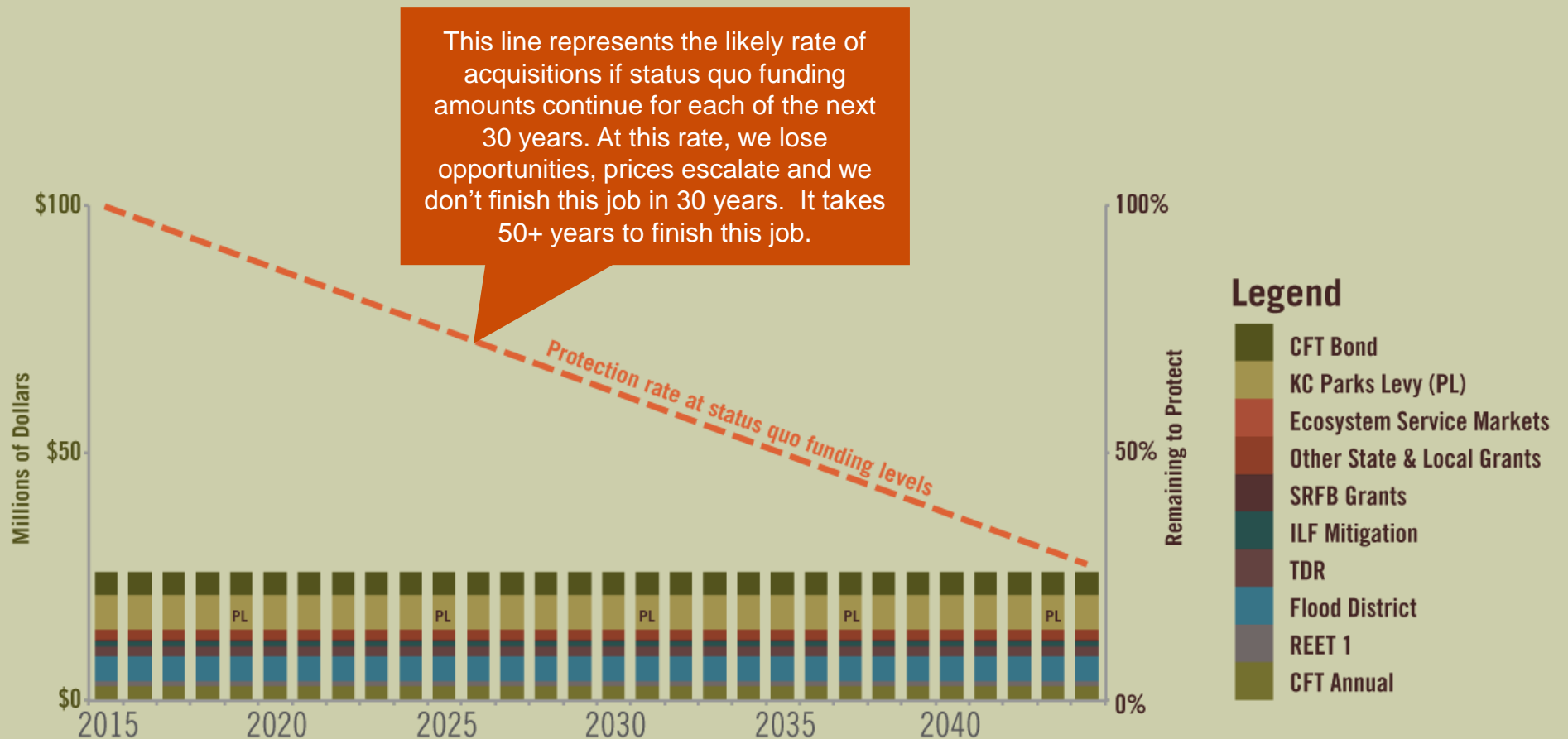
In addition to working aggressively to maintain existing funding sources and pursue potential public financing options to fund land conservation, exploring opportunities to access private capital is an option.

There is growing recognition among capital investors that investments in “natural capital” can offer returns to investors. While returns on natural capital investments may not be as high as traditional capital investment portfolios, the desire to achieve “triple bottom line” benefits (i.e. social, environmental and financial returns) is becoming more common. Including private capital investments would reduce the overall need for public financing.

In addition, tools such as the Landscape Conservation and Local Infrastructure Program partnership developed by King County, Seattle, and Forterra can lead to land conservation and smart growth, and should be explored further as part of this work.

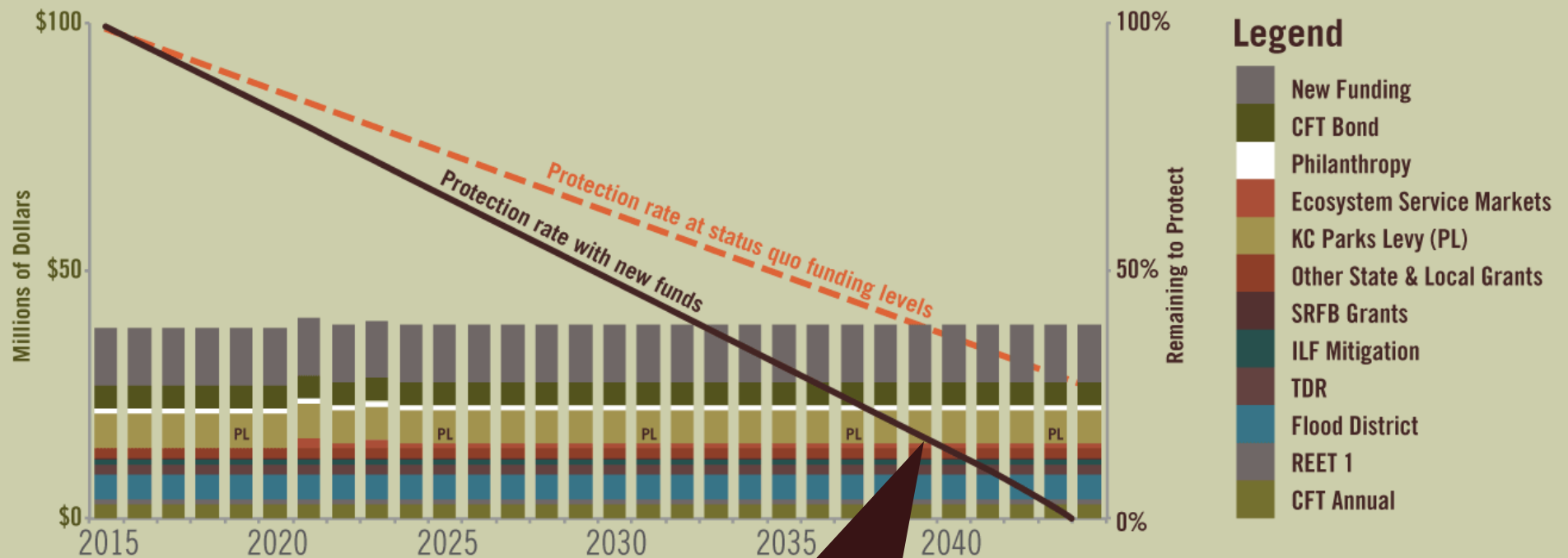
Part 2: Accelerating the Pace of Acquisitions

Conservation Funding Outlook (Status quo: 50+ Years)



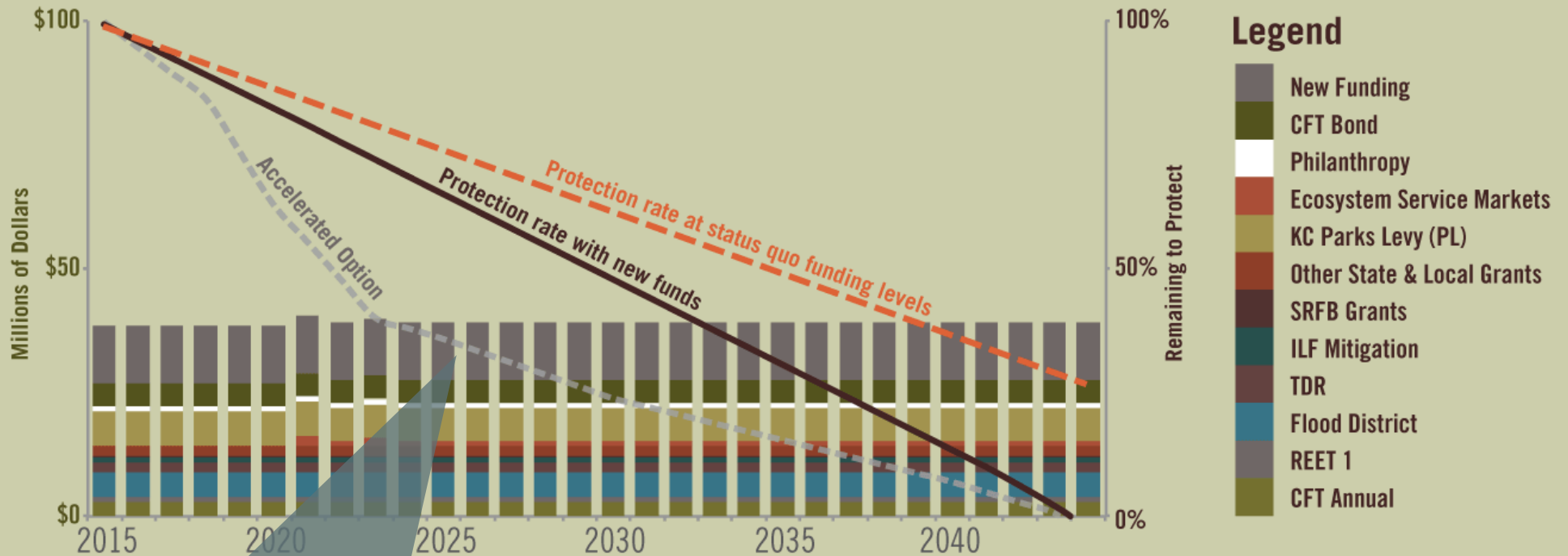
Status quo funding takes a long time and doesn't finish this job. Over time, growth in land prices will likely outpace growth in revenue, slowing the pace even further and resulting in lost conservation opportunities.

Conservation Funding Outlook - Full Funding 30 Years



This line represents the likely rate of acquisitions if we can fill the gap. We can achieve full protection, but over a 30 year timeframe we will lose opportunities and pay higher prices.

Conservation Funding Outlook - Full Funding with Accelerated Option



The grey line shows the potential for accelerating the rate of acquisitions to avoid losing opportunities and paying higher prices. The curve of this line assumes successfully securing funding to fill the gap and also “borrowing” roughly \$120M from stable and predictable funding sources during the last 20 years, and moving funds into the first 10 years of the 30 year period. This would enable the County to protect nearly 60% of the identified lands in the first 10 years, compared to 33% if we only fill the gap over the full 30 year period and don’t pursue an acceleration strategy

Outreach and Education

To date King County has consulted with key regional partners to refine the conservation vision and to develop strategies outlined in this work plan, including:

- **King County Councilmembers** and council staff
- **Nonprofit organizations** with a long history of partnerships with King County, including:
 - Mountains to Sound Greenway Trust,
 - Trust for Public Land,
 - The Nature Conservancy,
 - The Bullitt Foundation,
 - Forterra, and
 - Vashon Maury Island Land Trust
- **Muckleshoot Indian Tribe**
- **City partners** and the Sound Cities Association
- **Public representatives** including the
 - Chair and Co-Chair of the Conservation Futures Tax (CFT) Citizen Oversight Committee (as members of an internal team) and the full CFT Citizen Oversight Committee,
 - Maud Daudon of Seattle Chamber of Commerce, and
 - WRIA 7, 8 and 9 representatives.

We propose continued coordination with organizations and cities mentioned above, and outreach to additional cities and other entities.

Land Conservation Work Plan

Previous sections of this work plan set the context for why conservation is of the utmost importance for King County to continue to thrive, identify lands with highest conservation values, and provide an overview of estimated costs and potential funding strategies.

The following section lays out a series of work plan items and specific tasks to more fully explore each of the options identified for realizing a conservation vision in our generation. Major work plan items discussed on the following pages include:

- 1. Finalize List of Lands to Conserve**
- 2. Complete Financial Analysis on Revenue to Fill the Gap**
- 3. Complete Analysis on Acceleration Strategies**
- 4. Conduct Other Research and Analysis**
- 5. Establish and Conduct Advisory Group Process**
- 6. Seek Public Input**
- 7. Develop and Transmit Legislation**
- 8. Continue Consultation with Regional Partners**

Land Conservation Work Plan

Finalize List of Lands to Conserve

Drawing on decades of work to protect farms, forests, open space, habitat and trail corridors, King County has identified a preliminary list of lands with the highest conservation value. King County has coordinated the preliminary list with land conservation groups, including Trust for Public Land, Forterra, Mountains to Sound Greenway, The Nature Conservancy, Bullitt Foundation, and the Vashon Maury Island Land Trust. King County also has also discussed the preliminary list with employees of the Muckleshoot Indian Tribe.

The focus of the lands identified to date are lands in the unincorporated area that King County would protect. The Department of Natural Resources and Parks (DNRP) working with external partners has also identified other conservation lands in the unincorporated area that state and federal entities would protect, **separate** from this effort, for example the US Forest Service protecting old growth forests outside Skykomish. DNRP will continue these coordination efforts.

DNRP has also begun coordinating with cities, including through WRIA 7, 8 and 9 forums, to identify potential conservation lands inside cities that should be included in this vision. In addition to the categories of land already identified, two areas of additional and particular interest inside cities is important lands along the Puget Sound shoreline to protect in order to further improve Puget Sound health and habitat. and enhancing access to natural land and open space for all. This work should be included in this vision and should also build on existing work and work underway, for example the WRIA Salmon Recovery plans.

Specific Work Plan Tasks

- DNRP conducts additional coordination with land conservation organizations and tribes on the list of unincorporated area lands that King County would protect (April – June 2016)
- DNRP coordinates with land conservation organizations to confirm the list of lands that others would conserve in the unincorporated area (April – June 2016)
- DNRP coordinates with cities, including through WRIA forums, to identify whether and how to include conservation lands inside cities (April – June for initial list and options, then ongoing)

Land Conservation Work Plan

Complete Financial Analysis on Revenue to Fill the Gap

DNRP working with the Performance Strategy and Budget (PSB) Office has completed initial financial analysis for a land conservation strategy. This initial analysis includes estimates of the future costs to acquire the identified lands, including projected transaction costs and 30 years of O&M, and detailed analysis of our existing funding sources projected out 30 years. This initial analysis shows that existing funding sources do not cover the cost to protect the identified lands in 30 years.

DNRP and PSB have also completed initial analysis of four possible options for new revenue to cover the shortfall – a voter approved bond backed by property taxes, a voter approved levy lid lift, implementing a new Real Estate Excise Tax (REET 3), and increasing the Conservation Futures Tax (CFT) collections. All four options have financial variables and strategic considerations that need further assessment and analysis. In addition, DNRP has been exploring opportunities to forge public/private partnerships to cover some portion of the gap. DNRP will complete this further analysis during spring 2016 to be available for further discussion as part of an Advisory Group process starting in June 2016. In addition, as City lands are identified for potential inclusion in this vision, additional financial analysis will be needed to estimate the potential costs and existing and needed revenue for those lands.

Specific Work Plan Tasks

- DNRP refines and confirms projected costs of protecting already identified lands (April 2016)
- DNRP refines and confirms existing revenue sources and projections (April - May 2016)
- DNRP develops preliminary estimates for protecting lands inside cities (April - June 2016)
- DNRP and PSB complete financial analysis of four primary new revenue options including potential revenue, legal and procedural analysis, and strategic pros and cons, to be available for use by an Advisory Group process (April - June 2016)
- DNRP identifies/develops potential public/private partnership opportunities (April - June 2016)
- Further refine funding issues and options analysis during Advisory Group process (June - Nov. 2016)

Land Conservation Work Plan

Complete Analysis on Acceleration Strategies

In addition to financial analysis on how to fill the gap, DNRP has completed an initial assessment on the potential to leverage existing reliable but slow and steady existing revenue sources into near term capital. Accelerating the pace will help reduce overall costs of completing the land conservation vision, and will help ensure we lose fewer conservation opportunities. DNRP has begun assessing potential public/private partnership opportunities, as well as potential County actions that can accelerate the pace. Further analysis is needed to determine which existing funding sources are most appropriate to consider for leveraging, and additional strategic considerations are needed on how to best pursue partnerships with the private sector.

Specific Work Plan Tasks

- DNRP and PSB complete analysis on which existing revenue sources can be leveraged, and to what degree; this will be available for the Advisory Group process (April - June 2016)
- DNRP identifies and assesses opportunities for public/private partnerships to leverage additional funding (April - June 2016)
- DNRP and PSB analyze County actions to leverage, for example council-manic bond opportunities (April - June 2016)
- Further refine acceleration options, issues and analysis during Advisory Group process (June - November 2016)

Land Conservation Work Plan

Conduct Other Research and Analysis

In addition to financial analysis on how to fill the gap and how to accelerate the pace, additional research should be undertaken to assess the positive economic benefits of investing in this vision. Further research should also be done to understand public opinions about the value of land conservation, the benefits of achieving this vision and the strategies to accomplish the vision. This work can help inform the Advisory Group process and subsequent County decision making processes.

Specific Work Plan Tasks

- DNRP works with Trust for Public Land and others to complete a study of the economic benefits of investing in this land conservation vision (April 2016 - January 2017)
- DNRP works with Trust for Public Land, Forterra and others to understand public opinions on land conservation (May - June 2016)

Land Conservation Work Plan

Establish and Conduct Advisory Group Process

The Executive proposes that an Advisory Group of approximately 11 – 15 members be established to refine the options and make recommendations on a final approach to realizing the land conservation vision of protecting all of the remaining unprotected high value conservation lands within a generation. Representatives of an Advisory Group should at minimum include the business community, land conservation organizations, cities, and the environmental community. In order to keep 2017 as a viable option for action, the Advisory Group process should commence by June of 2016, with final recommendations from the Advisory Group submitted by November 2016.

The Executive will work closely with the King County Council on identifying Advisory Group members. The Executive will identify an initial list of approximately 20 diverse potential members, representing the sectors identified above. Executive staff will share the initial draft list with Councilmembers and seek input, including additional suggestions for Advisory Group Membership. The Executive will finalize the list of Advisory Group members by the end of May and inform the Council before commencing the process.

The Executive will closely coordinate with Council on the staffing of the Advisory Group process. DNRP will be available to provide updates to Council at any point during the Advisory Group process, and will also provide a briefing at the conclusion of the process highlighting Advisory Group recommendations.

Specific Work Plan Tasks

- Executive identifies Advisory Group members, in consultation and coordination with the King County Council (April - May 2016)
- Conduct the Advisory Group process (June - November 2016)
- Recommendations to the King County Executive (November 2016)
- Briefing to King County Council on Advisory Group recommendations (Late November 2016)

Land Conservation Work Plan

Seek Public Input

In addition to the Advisory Group process, and survey work identified under the Other Research section, it will be important to provide other opportunities for public input. There will be opportunities for public input during Council committee meetings this spring as the Council evaluates the Work Plan, and potentially in early 2017 when Council might be discussing legislation. In addition, DNRP will conduct public meetings and solicit public input through other strategies in the summer of 2016 to get public input on the vision and strategies to implement the vision. These meetings will be timed to inform the Advisory Group discussion.

Specific Work Plan Tasks:

- Public comment opportunity at TrEE Committee discussion of Work Plan (May 2016)
- DNRP conducts public meetings and online input to get public input on the vision and strategies to implement the vision (July – September 2016)
- Potential public comment opportunity in early 2017 during consideration of potential legislation (March – April 2017)

Land Conservation Work Plan

Develop and Transmit Legislation

The Executive will consider the Advisory Group recommendations in developing a final proposal on how to implement the land conservation vision and strategy. The Executive's intent is to keep the work moving forward quickly in order to keep 2017 available as a potential option for action. The Executive would transmit any needed legislation to Council in a timely manner, providing at minimum 60 days for Council deliberation and action.

Specific Work Plan Tasks

- Executive consideration of Advisory Group recommendations (November - December 2016)
- Executive development of final proposal, including any needed legislation (January - February 2017)
- Transmittal of Executive proposal (End of February 2017)
- Council deliberations of Executive proposal (March - April 2017)

Land Conservation Work Plan

Continue Consultation with Regional Partners

To date King County has consulted with key regional partners to refine the conservation vision and to develop strategies outlined in this work plan. Regional partners have provided valuable feedback on the list of lands to protect as well as on potential funding options and partnership opportunities. This consultation should continue throughout the process, including during the Advisory Group process.

Specific Work Plan Tasks

DNRP continues to consult with regional partners

(April - November 2016)

Detailed Work Plan Tasks



THE TIME IS

NOW

TO CONSERVE
KING COUNTY'S LANDS

FOR FUTURE GENERATIONS

